

# THE COUNTY BULLETIN

And Uniform Compliance Guidelines

ISSUED BY STATE BOARD OF ACCOUNTS

Vol. No. 350

April 2005

## REMINDER OF ORDER OF BUSINESS

### April

- 15 Members of Tax Adjustment Board to be appointed before this date to serve one year in counties that have not abolished such board. (IC 6-1.1-29-2) Abolishment of the board is IC 6-1.1-29-9.
- Last day to make pension report and payment for first quarter by counties participating in Public Employees' Retirement Fund.
- 20 Last day to report and make payment of balance of State and County Income Tax withheld in March to Indiana Department of Revenue.
- Last day to file quarterly unemployment compensation reports with the Department of Workforce Development.
- 19,20,21 State Board of Accounts called meeting for County Recorders – New Harmony
- 30 Prepare inventory of Loans to Common, Congressional, Permanent Endowment and Cemetery Trust Funds.
- Last day to file quarterly report of Federal withholdings tax with Director of Internal Revenue Service.

### May

- 1 Last day for Township Trustee to report to County Auditor all unpaid claims, because of lack of funds, for losses caused by dogs. (IC 15-5-9-11)
- Prepare and send report of school funds to Auditor of State and make payment of principal and interest due to Treasurer of State on the Common and Permanent Endowment Funds, and pay the Treasurer of State all fines and forfeitures on hand April 30, 2005, as shown in this report. (IC 21-1-3-7)
- Prepare report of school funds (Form No. 6) and present the report to the Board of Commissioners for approval. After approval, mail one copy to the State Department of Education, 229 State House, and one copy to the Auditor of State, 240 State House.
- 9 Last day to make report to Auditor of State of all unpaid claims against the dog fund not covered by distributions to townships in March 2003. (IC 15-5-9-11) (Second Monday in May)
- 10 Last day for filing applications for tax deductions to obtain deduction on 2005 payable 2006 taxes. (IC 6-1.1-12)
- First installment of property taxes due. (IC 6-1.1-22-9)

**THE COUNTY BULLETIN**  
and Uniform Compliance Guidelines

Volume 350, Page 2

April 2005

REMINDER OF ORDER OF BUSINESS  
(Continued)

**May – (continued)**

- 15      On or before May 15 is the last regular day for filing applications for tax exemption by Churches, Educational and Charitable organizations. (IC 6-1.1-11-3)
- Period for normal filing of personal property schedules ends. (IC 6-1.1-1-7)
- 20      Last day to report and make payment of State and County Income Tax withheld in April to Indiana Department of Revenue.
- 25,26,27      State Board of Accounts called meeting for County Auditors - Clarksville
- 30      Memorial Day – Legal Holiday (IC 1-1-9-1)

**June**

- 1      Last date for County Highway Annual Operational Report to be filed with the State Board of Accounts and other governmental agencies. (IC 8-17-4.1-7)
- On or before this date County Treasurer shall search the records to ascertain if person so certified is delinquent in payment of Property Taxes and certify to Auditor of State and state agencies the names of state employees owing delinquent taxes. (IC 6-1.1-22-16)
- County Auditor to prepare a list of persons owing delinquent taxes and believed to have money due from Auditor of State, Indiana Department of Transportation or any state institution or state school and furnish the list to those agencies on or before June 1.
- Last day township assessors shall deliver to the county assessor a list which states by taxing district the total of the personal property assessments as shown on the personal property returns filed with the assessor on or before the filing date of that year.
- 15      On or before June 15 the County Auditor is to give notice to tax exempt organizations which failed to file an application for exemption of property tax for which an exemption was effective for the previous year. (IC 6-1.1-11-5)
- 20      Last day to report and make payment of State and County Income tax withheld in May to Indiana Department of Revenue.
- On or before this date complete settlement and distribution of taxes collected by the County Treasurer since the last settlement. Prepare settlement sheet to be submitted to Auditor of State for approval and make distribution of funds due local governmental units and the Treasurer of State by June 30. (IC 6-1.1-27-3)
- 21,22,23      State Board of Accounts called meeting for Clerk of the Circuit Courts - Indianapolis
- 30      County Treasurer to certify list of real property eligible for tax sale to County Auditor on or before July 1.

**THE COUNTY BULLETIN**  
and Uniform Compliance Guidelines

Volume 350, Page 3

April 2005

**DISCUSSION OF MANDATE OF FUNDS**

Trial Rule 60.5 (B), "Mandate of Funds" applies to county officers, as follows:

Whenever a court orders you to either appropriate or to pay from unappropriated funds for the operation of the court or court-related functions, such court shall issue and cause to be served upon the appropriate officer an order to show cause why such appropriation or payment should not be made.

The order shall be captioned "Order for Mandate of funds." The matter shall be set for trial on the merits of such order unless the legislative body, the chief executive officer or the affected officer files a waiver in writing of such a trial and agrees to make such appropriation or payment.

If you do not file a waiver, a trial shall be held without a jury, before a special judge of the court that made the order. There shall be no change of venue from the county or from the special judge appointed by the Supreme Court. The special judge will not be a resident of the county or any bordering county.

Promptly on expiration of the thirty (30) day period, the trial judge shall certify such decree together with either a stipulation of the facts or an electronic transcription of the evidence to the Supreme Court. No mandate order for appropriation or payment of funds made by any court other than the Supreme Court or Court of Appeals shall be effective unless it is entered after trial as herein provided and until the order has been reviewed by the Supreme Court or such review is expressly waived.

**ELECTRONIC FUNDS TRANSFER FOR TRANSACTION OF COUNTY BUSINESS**

IC 5-13-5-5 states: "(a) The fiscal body of any political subdivision (County Council) may by ordinance or resolution authorize the proper legal officers of the political subdivision to transact the political subdivision's business with a financial institution through the use of electronic funds transfer.

- (b) The ordinance or resolution must:
- (1) specify the types of transactions that may be conducted by electronic funds transfer; and
  - (2) require the proper officers to maintain adequate documentation of the transactions so that they may be audited as provided by law."

We would suggest the minimum documentation from the bank to record the transaction could be in the form of a letter, deposit slip, fax etc...and must contain at a minimum:

1. the date of the transaction
2. a description to identify the type of transaction, and
3. the amount of the transaction

**COUNTIES WITH TAX ADJUSTMENT BOARD**

The county board of tax adjustment is composed of seven members to be selected in the manner set forth in IC 6-1.1-29-1. While it is not a statutory duty of the County Auditor to do so, it would be proper to remind those persons whose duty it is to appoint members of this board that a complete selection must be made before April 15 as required.

1 member of the county council shall be chosen by said council;

1 member to be designated by the Mayor of the largest city in the county or may be the Mayor; or in case of no incorporated city, a member of the fiscal body of the largest incorporated town, to be selected by the fiscal body;

**THE COUNTY BULLETIN**  
and Uniform Compliance Guidelines

Volume 350, Page 4

April 2005

**COUNTIES WITH TAX ADJUSTMENT BOARD – (Continued)**

1 member of the governing body of the school corporation, located entirely or partially within the county, which has the greatest taxable valuation of any school corporation of the county, to be appointed by the governing body;

4 members appointed by the board of county commissioners. These members must be residents and freeholders of the county.

The entirety of IC 6-1.1-29 should be reviewed so that the Auditor may familiarize himself/herself with the required duties.

**COUNTIES ELECTING NOT TO HAVE A TAX ADJUSTMENT BOARD**

IC 6-1.1-29-9 states: "(a) A county council may adopt an ordinance to abolish the county board of tax adjustment. This ordinance must be adopted by July 1 and may not be rescinded in the year it is adopted. Notwithstanding IC 6-1.1-17, IC 6-1.1-18, IC 6-1.1-19, IC 12-19-7, IC 12-19-7.5, IC 21-2-14, IC 36-8-6, IC 36-8-7, IC 36-8-7.5, IC 36-8-11, IC 36-9-3, IC 36-9-4, and IC 36-9-13, if such an ordinance is adopted, this section governs the treatment of tax rates, tax levies, and budgets that would otherwise be reviewed by a county board of tax adjustment under IC 6-1.1-17.

(b) The time requirements set forth in IC 6-1.1-17 govern all filings and notices.

(c) A tax rate, tax levy, or budget that otherwise would be reviewed by the county board of tax adjustment is considered and must be treated for all purposes as if the county board of tax adjustment approved the tax rate, tax levy, or budget. This includes the notice of tax rates that is required under IC 6-1.1-17-12."

**QUALIFICATION OF NEWSPAPERS** (IC 5-3-1-0.4)

A newspaper must be either a daily or weekly, semi-weekly, or tri-weekly newspaper of general circulation, has been published for at least three (3) consecutive years in the same city or town, entered, authorized and accepted by the United States Postal Service for at least three (3) consecutive years as mailable matter of the periodicals class and which has at least fifty percent (50%) paid subscriptions or other purchasers at a rate that is not nominal.

**APPLICATION TO PAY**

Payment of any money to the county, other than taxes, comes into the county treasury in the following manner: Mr. A. comes to the Auditor's office and states his intention to pay a certain amount for a certain purpose. The Auditor writes the "Quietus" and "Application to Pay" and gives the "Application to Pay" to Mr. A., who takes the same and his check or money to the Treasurer's office. [Some Auditor's have found it advantageous to walk Mr. A. to the Treasurer's office to be sure the transaction is completed within the same day and all parties have their correct copy.] The Treasurer writes his "Receipt" to Mr. A. and keeps the application to pay and Mr. A. returns to the Auditor's office and surrenders the Treasurer's Receipt for the Auditor's "Quietus."

The Auditor and Treasurer must be in agreement with respect to "Application to Pay" and Receipts." The application to pay must be written on the same day, immediately upon receipt of the money and turned over to the Treasurer at once. If the Auditor dates his "Application to Pay" on a given day and it is not presented to the Treasurer on the same date it is impossible for the Treasurer to balance with the Auditor that day.

**THE COUNTY BULLETIN**  
and Uniform Compliance Guidelines

Volume 350, Page 5

April 2005

**APPLICATION TO PAY (Continued)**

The statute must be followed in this matter. Bear in mind that no transaction is complete until all the required steps are taken and properly recorded. At the close of each month the balance sheets of the Auditor and Treasurer should be compared in detail in order to avoid any irregularities arising from an improper or omitted posting.

**OLD OUTSTANDING WARRANTS (IC 5-11-10.5)**

All warrants outstanding and unpaid for a period of two or more years, as of the last day of December of each year are void. This law further provides that the treasurer, not later than March 1, shall prepare a list in triplicate of all such warrants, showing the date of issue of each warrant, the fund upon which it was drawn, the name of the payee, the amount of the warrant, and the total amount of the warrants for each fund. The original copy of such list shall be filed with the county board of finance, the duplicate with the county auditor and the triplicate copy retained by the treasurer. Upon receipt of such list, the county auditor shall issue an application to pay, receipt and quietus for such warrants, in the same manner as for any other receipt, and the warrants shall be removed by the treasurer from the outstanding list.

If a warrant or check is presented for payment that has been cancelled, the holder shall file a claim with the county auditor. If the auditor finds the claim in order he may issue another warrant. However, warrants outstanding for more than seven (7) years are void and no recovery is possible.

**CRIMINAL HISTORY INFORMATION**

Local law enforcement agencies may, on request for release or inspection of a limited criminal history, do the following:

- (1) Require a form, provided by them, to be completed. The form shall be maintained for a period of two (2) years and shall be available to the record subject upon request.
- (2) Collect a three dollar (\$3) fee to defray the cost of processing a request for inspection.
- (3) Collect a seven dollar (\$7) fee to defray the cost of processing a request for release. However, law enforcement agencies may not charge a fee for requests received from the parent locator service of the child support bureau of the division of family and children.

Local law enforcement agencies shall edit information so that the only information released or inspected is information which has been requested and is limited criminal history information.  
(IC 10-13-3-30)

A local home rule ordinance would be required to enable a county law enforcement agency to collect such fees. All monies should be deposited in the county's general fund unless otherwise stated in the ordinance.

**FINANCING PUBLIC WORKS PROJECTS OF NOT MORE THAN TWO MILLION DOLLARS (\$2,000,000)**

IC 36-9-41 allows counties to borrow the money necessary to finance a public work project under two million dollars (\$2,000,000) from a financial institution in Indiana by executing a negotiable note under IC 36-9-41-4. A county shall provide notice of its determination to issue the note under IC 5-3-1. Money borrowed is chargeable against the county's constitutional debt limitation.

**THE COUNTY BULLETIN**  
and Uniform Compliance Guidelines

Volume 350, Page 6

April 2005

**FINANCING PUBLIC WORKS PROJECTS OF NOT MORE THAN TWO MILLION DOLLARS (\$2,000,000)**  
**(Continued)**

A county borrowing money under IC 36-9-41-3 shall execute and deliver to the financial institution the negotiable note of the county for the sum borrowed. The note must bear interest, with both principal and interest payable in equal or approximately equal installments on January 1 and July 1 each year over a period not exceeding six (6) years.

The first installment of principal and interest on a note is due on the next January 1 or July 1 following the first tax collection for which it is possible for the county town to levy a tax.

The county shall appropriate an amount for and levy a tax each year sufficient to pay the obligation under the note according to its terms.

An obligation of a county or town under the note is a valid and binding obligation of the county notwithstanding any tax limitation, debt limitation, bonding limitation, borrowing limitation, or other statute to the contrary.

IC 36-9-41-6 through IC 36-9-41-8 set out the provisions for taxpayers to file a petition against the issuance of such note.

**OMB CIRCULAR A-133 REQUIREMENTS**

The Single Audit Act and the Office of Management and Budget (OMB) Circular A-133 set out the responsibilities of entities receiving federal awards. The Single Audit Act was amended on July 5, 1996. Circular A-133 was revised on June 30, 1997 and replaced Circular A-128, as well as the previous Circular A-133. The Act was further revised on June 27, 2003 for fiscal years ending after December 31, 2003.

Circular A-133 has placed significant responsibilities on the recipient of federal awards. We suggest you study this summary carefully and disseminate the appropriate information to those individuals in your organization that will be impacted.

Governmental units who expend at least \$500,000 in federal awards in one calendar/fiscal year are subject to the provisions of OMB Circular A-133. The 1997 Circular A-133 may be obtained from the Federal Register, June 30, 1997 (Volume 62, Number 125, Pages 35277-35302). The revisions to the 1997 Circular A-133 may be obtained from the Federal Register, June 27, 2003 (Volume 68, Number 124, Pages 38401-38402). The Circular may also be obtained by writing the Office of Administration, Publications Office, Room 2200, New OMB homepage which is currently located at <http://www.whitehouse.gov.omb>, under the caption "Agency Information" and then "Grants Management." You should also obtain a copy of the current Compliance Supplement from EOP publications, Office of Administration, 2200 NEOB, Washington DC 20503; phone (317) 395-7332, or from the OMB homepage.

**New Threshold**

The new threshold for a single audit will be \$500,000 in federal expenditures, including grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance. [Sec 200, 205]

**Auditee Responsibilities**

Responsibilities placed on the recipient of federal awards. The unit is required to do the following [Sec. 300];

**THE COUNTY BULLETIN**  
and Uniform Compliance Guidelines

Volume 350, Page 7

April 2005

**OMB CIRCULAR A-133 REQUIREMENTS (Continued)**

- (a) Identify, in its accounts, all Federal awards received and expended and the Federal programs under which they were received. Federal program and award identification shall include, as applicable, the CFDA title and number, award number and year, name of the Federal agency, and name of the pass-through entity.
- (b) Maintain internal control over Federal programs that provides reasonable assurance that the unit is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.
- (c) Comply with laws, regulations, and the provisions of contracts or grant agreements related to each of its Federal programs.
- (d) Prepare appropriate financial statements, including the Schedule of Expenditures of Federal Awards.
- (e) Follow up and take corrective action on audit findings, including preparation of a Summary Schedule of Prior Audit Findings and Corrective Action Plan.

Data Collection Form

A Data Collection Form will be submitted to the Federal Clearinghouse by the Board of Accounts with the Reporting Package. The Data Collection Form summarizes the results of the audit and will be used by the clearinghouse as a central database of information for all A-133 audits performed in the U.S. The auditee and the auditor are to complete and sign the appropriate sections of the Data Collection Form. [Sec 320(b)]

Summary Schedule of Prior Audit Findings and Corrective Action Plan

The governmental unit is responsible for follow-up and corrective action on all audit findings. This includes the unit preparing the following [Sec. 315]:

- (1) Summary Schedule of Prior Section III Audit Findings, if any were reported in the prior audit report, and
- (2) Corrective Action Plan for current year audit findings, if any were reported.

Note: Both of these schedules and the audit report will be included in the reporting package. As such, the Summary Schedule of prior Audit Findings must be completed by the unit and made available to the field examiner very early in the audit and the Corrective Action plan must be completed by the end of the audit or soon thereafter.

Pass-Through Entity Responsibilities

Circular A-133 places certain responsibilities on those entities that pass federal awards through to other governmental entities or not-for-profit corporations. The most significant of those responsibilities require you to [Sec. 400(d)]:

- (1) Identify Federal awards made by informing each subrecipient of CFDA title and number, award name and number, award year, if the award is Research & Development , and name of Federal agency.
- (2) Advise subrecipients of requirements imposed on them by federal laws, regulations, and the provisions of contracts or grant agreements, as well as any supplemental requirements imposed by the pass-through entity.
- (3) Monitor the activities of subrecipients as necessary to ensure that federal awards are used for authorized purposes in compliance with laws, regulations and provisions of contracts or grant agreements and that performance goals are achieved.
- (4) Issue a management decision on audit findings within six months after receipt of the subrecipients audit report and ensure that the subrecipient takes appropriate and timely corrective action.

**THE COUNTY BULLETIN**  
and Uniform Compliance Guidelines

Volume 350, Page 8

April 2005

Subrecipient Monitoring

As stated above, if your governmental entity passes federal awards through to other governmental entities or not-for-profit corporations, you are responsible for monitoring the activities of the subrecipient to ensure that the program requirements are being met. The preamble to Circular A-133 recognizes that many pass-through entities will no longer be able to use the Single Audit reports as the primary tool to monitor subrecipients due to the \$500,000 threshold. They will need to review their overall subrecipient monitoring process, and decide what, if any, additional monitoring procedures such as on-site visits, reviews of documentation, supporting requests for reimbursement may be necessary to ensure subrecipient compliance.

OMB expects pass-through entities to consider various risk factors in developing subrecipient monitoring procedures, such as the relative size and complexity of the Federal awards administered by subrecipients, prior experience with each subrecipient, and the cost-effectiveness of various monitoring procedures.

We recommend that the governmental unit have a formal subrecipient monitoring plan, preferably in written form, for all federal programs which pass federal monies through to subrecipients. The monitoring plan should identify the procedures the governmental unit has in place to monitor the activities of the subrecipient to ensure that the program requirements are being met. Such monitoring plans could include for instance, formal procedures to request subrecipients to provide written documentation supporting requests for reimbursements and the procedures the governmental unit uses to review such documentation, the nature, timing, and extent of on-site visits, etc.

Requests by Federal Agency

A federal agency is allowed to request that a particular program be audited as a major program [215(c)]. Such a request must be made to the auditee at least 180 days prior to the end of the fiscal year to be audited. If a federal agency has made such a request, please inform the State Board of Accounts field examiner at the beginning of the audit.

A federal agency is also allowed to request that certain federal programs not be considered low-risk, which would virtually guarantee that program being audited as a major program [520(c)(2)]. Such a request must also be made to the recipient of federal awards, and to the auditor, if known, within 180 days prior to the end of the fiscal year to be audited. This type of request must be approved by the U.S. Office of Management and Budget (OMB). If the OMB has approved such a request, please inform the State Board of Accounts field examiner at the beginning of the audit.

**3% ADMINISTRATIVE FEE ON PROBATION USER'S FEE COLLECTIONS**

IC 35-38-2-1 states, "If a clerk of a court collects a probation user's fee, the clerk: (1) may keep not more than 3% of the fee to defray the administrative costs of collecting the fee and shall deposit any fee kept in the clerk's record perpetuation fund."

In our audit opinion, if probation user fees are withheld from bonds that the clerk is entitled to the 3% just as well as if they had come directly to your office to pay.

**SALES TAX REIMBURSEMENT FOR LODGING**

Lodging for individuals in hotels and motels is not exempt from state sales tax. Therefore, reimbursements for lodging in travel status will include state sales tax. We will not take an audit exception to employees being reimbursed for sales tax on lodging.





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AMOUNTS AUTHORIZED TO BE RECEIVED BY SHERIFFS FOR BOARD OF PRISONERS

By authority of IC 36-8-10-7, I Charles Johnson, III, CPA, State Examiner of the State Board of Accounts, do hereby fix the exact amount per meal which the sheriff of each county in the State of Indiana, shall be entitled to receive for feeding prisoners legally in his charge, including Federal prisoners, for a period of one year, beginning April 15, 2005. Amounts received by the sheriff from the Federal government for board and care of Federal prisoners shall be paid into the County General Fund.

In determining and fixing the amount per meal, the use of wholesome food in quantities and varieties necessary for the preservation of the health of the prisoners is contemplated. All expenses related to preparing the serving meals, except for the costs of food, shall be borne by the county.

The amounts fixed are for meals actually served such prisoners during each respective month. Not more than three meals at county expense are to be served to any one prisoner in any one day.

The term "month" shall mean a period of time beginning April 15, 2005 and thereafter ending on the fourteenth (14<sup>th</sup>) day of each succeeding month. Claims for meals for the month beginning December 15 will be paid from the appropriation for the succeeding year.

For number of meals served during a period of one month, per meal:

In counties having a population of less than 20,000 . . . . .	\$1.84
In counties having a population of 20,001 to 40,000. . . . .	\$1.78
In counties having a population of 40,001 to 41,499. . . . .	\$1.70
In counties having a population of 41,500 to 65,500. . . . .	\$1.51
In counties having a population of 65,501 to 100,000. . . . .	\$1.27
In counties having a population of 100,001 to 200,000. . . . .	\$1.16
In counties having a population of 200,001 or over. . . . .	\$1.09

The following counties will not be allowed the amounts authorized above:

Allen                                  Lake                                  Marion                                  Vanderburgh

\_\_\_\_\_  
Charles Johnson, III, CPA  
State Examiner

Dates this 15<sup>th</sup> day of April, 2005  
BAH/TRW/db